

THAT POTASH ROW IN GERMANY**R. S. BRADLEY RETURNS AFTER SEEKING A COMPROMISE.**

Government Powers of Taxation Used to Prevent the Carrying Out of Favorable American Contracts—Syndicate's Right to Retain the Monopoly.

Robert S. Bradley of Boston, who is chairman of the board of directors of the American Agricultural Chemical Company, came back from Germany night before last and yesterday talked about the potash difficulty in Germany, which recently assumed such an acute phase as to necessitate the sending of a special investigator over there.

Mr. Bradley made the original contract with German mines at a reduced rate, following the temporary dissolution of the syndicate which had kept up the price, and he is chairman of the committee of five, representing American fertilizer interests, that went to Germany to see that the representative of the State Department got all the information he wanted.

"The potash business has been controlled by a German syndicate for more than thirty years," said Mr. Bradley yesterday at the Belmont. "This control has been exercised not only over the production of the commodity but its sale in all the markets of the world. It has been the custom to form such a syndicate for a period of five years and the last syndicate expired by limitation at midnight of June 30, 1909."

"For months before attempts had been made to form a new syndicate, I had been in Berlin for some time investigating and preparing to buy potash in case an opportunity was offered. By midnight of the day mentioned the delegates representing about sixty mines, who had been in session, had failed to come to an agreement. This caused an open market at the moment and I immediately made contracts running two years together with option to run one year on a future contract period of five years. This covered the entire requirements of the American Agricultural company for seven years."

"At half past 1 o'clock that same morning the president issued an edict calling a meeting of the delegates for 9 o'clock when a new syndicate was formed. This of course closed the opportunity to buy potash at less than syndicate prices. The contracts I had made were reported of course to the new syndicate and the news caused some consternation among the delegates, because the prices were about 35 per cent. below the prices that had been ruling. For instance the syndicate price of muriate of potash landed in New York was \$33 a ton, while according to my contract it would be about \$20."

"Within a week I was waited on at the Adlon Hotel in Berlin by Geheimrat Kempner, a director of the syndicate and a privy counsellor of the Government. He threatened me with the invalidation of my contracts by Government action if I refused to surrender them or to make some compromise that would be satisfactory to the syndicate and strongly intimated that the Government would put in potash an export duty which should counteract whatever advantage I had gained by the contracts made."

"By whose authority do you make the statement?" I asked the Geheimrat.

"By that of Herr Sydow, the Minister of Trade and Commerce of Prussia," he replied.

"It is a fact that the Prussian Government owns three potash mines which are members of the syndicate."

"I told the Geheimrat that I would never surrender my contracts on any such threat and that I didn't believe that my Government would view with favor an action of the kind suggested on the part of Germany and the interview closed."

A few days later in Dresden I received a telegram from Oberbergherrn Maxmann, the president of the potash syndicate, requesting me to return to Berlin the next day for a conference with Geheimrat Kempner and himself in relation to the export duty and other Government regulations regarding potash which were being planned. He desired that I reach Berlin before noon. The potash syndicate was to meet in the afternoon. I declined to return to Berlin and instead continued on my way home.

"In August they sent representatives over here to negotiate for a compromise of my contracts, but without result. The next month delegates representing about sixty American manufacturers went to Berlin and demanded that the syndicate contracts in consequence of their holding contracts made with one of the Schmittmann mines, whereby the latter guaranteed to these American manufacturers the same prices that my company might obtain. Schmittmann was therefore legally bound to give these manufacturers the same terms I had obtained. So that now the price of potash which was negotiated here was now \$5,000,000."

Geheimrat Kempner and Herr Bierbaum, another director of the potash syndicate, came over here the following December, and here at the Belmont we had a long conference. We volunteered to meet them half way and divide the difference between the syndicate prices and ours. They accepted our offer and presented a draft of an imperial potash law which had been introduced into the Bundestag. This bill imposed an export duty on potash that would counteract the prices mentioned in our contracts."

"They accepted our offer on principle, but in figuring out the prices they raised the amount of the export duty so that the advantages left in a half-way compromise. We then broke off negotiations."

Mrs. Yerkes seeks to enjoin Louis S. Owsley, executor of her husband's estate, from transferring \$4,500,000 of the bonds to the Railways Company. The Securities Company holds \$20,000 of the securities and seeks to have its interest in the bonds protected.

The suits were sent to the Federal Courts on motion of counsel for the Chicago Railways Company, and the potash bill was subsequently withdrawn.

Immediately thereafter the United States and Germany concluded a commercial treaty, which gave Germany the benefit of the American minimum tariff. In May following the Reichstag passed a potash law more drastic and more damaging in its effects on American contracts than the original Bundestag bill which had been withdrawn.

Immediately thereafter Hill received assurances from the German Foreign Office that the law as finally amended would not invalidate, impair or affect the American contracts.

Notwithstanding this assurance, all shipments of potash after the law went into effect were at \$20 a ton over the contract price. This made the price of muriate of potash \$42 a ton instead of \$30. After an exhaustive interchange of telegrams between Berlin and Washington, the State Department decided to postpone further efforts to settle the controversy until September, as the German Government stated that its Ministers would be back from their vacations until that time.

M. H. Davis, commercial adviser to the Department of State, was sent to Berlin last September to investigate the reasons for the passage of the potash law and its disastrous effects upon American contracts.

The law, by the way, imposes a duty in the form of a penalty tax for production over the allotted quota of a mine, and as the two mines which hold the American contracts are the only

Gossip of Wall Street.

The Stock Exchange has facilities for the purchase and sale of 3,000,000 shares a day and can handle 2,000,000 shares without the slightest difficulty. According to the figures with which it was remarked yesterday that if its business was expressed in trade terms it could be said that the Stock Exchange was operating much less than 10 per cent. of capacity. Sales of stocks amounted to only 175,000 shares.

The market displayed even more strikingly than on any of the other dull days of late the absolute apathy of the public, little feeling most of the traders and brokers were inclined to blame the manipulation of recent weeks. The criticism was not directed against the fact of manipulation, for every one recognizes that manipulation well directed and based on fundamental assets in making markets in which profits are good. But there has never been a time when manipulation that was obvious and crude with such an apparent purpose of distribution has got any one anywhere, and even the floor professionals distrust the market now.

Of the total turnover of 175,000 shares more than 100,000 were in Steel common, Union Pacific and Reading. The net result of the activity in these shares was an even break for Reading a slight fractional gain for Union and a slight fractional loss for Steel. The range of price movements in all these shares was so narrow as to permit opportunities for only the slightest profits. The brokerage business is admittedly bad, yet most brokers were unwilling to advise their customers to take on stocks. One of them who was about as cheerful as any one thought that if his customers bought stocks on a reaction they might make a point or two.

The market failed entirely to respond to the favorable news which came out over the holiday. In the interval there was an excellent statement of the Bank of England and, much more important, a substance of the revolutionary outbreak in Mexico. The London market reflected these events in a much more cheerful note, but the really bad news that had been trifling weakness early in the week by the Mexican troubles derived no stimulus from the reported collapse of the revolution. The only observable reflex of the improvement in Mexico was an advance in the second preferred stock of the National Railways of Mexico. On the Stock Exchange there was no transaction in Mexican Government 4 per cent. bonds, though these bonds lost 3 points in the first three trading days of the week.

It was reported that the organization of the new Washington-Oregon Railway and Navigation Company was made in preparation for a new line of shipping. The new company is a subsidiary of the Union Pacific and has under its control a number of small lines and branches built in recent years by the Union Pacific system. It was suggested that this company, like the system's favorite holding company, the Oregon Short Line, might be used as a vehicle for carrying loans for the system as a whole. One report had it that the amount of the proposed authorized issue of bonds was \$100,000. Semi-officially it was said that the financial plan had not yet worked out.

The Lehigh Valley will make its bow on the Stock Exchange on Monday. The stock would have been there yesterday only that the company had not established a transfer office in this city and the application sheet got into the Stock Exchange too late for the printer. The stock will appear here as a high price stock, or at double the Philadelphia quotation, and it is not widely believed that it will be a much more active medium of speculation than the other high priced hard dealers.

Statements of October railroad earnings were of much the same tenor as those for September and the Baltimore and Ohio statement for October. Southern Railway made a better showing than the other roads in the States. It was able to save \$1,000 per car out of an income of \$45,000 in gross earnings. Lehigh Valley reported an increase of \$40,000 gross and a decrease of \$10,000 net and Panhandle an increase of \$17,000 gross and a decrease of \$19,000 net. By contrast Canadian Northern showed a substantial increase in net as well as gross, net increasing \$10,000 and gross \$24,000.

The most important rule, however, is believed to be the third, which is manifestly aimed at the get rich quick concerns. It opens to the general public for inspection the returns of a certain class of corporations which offer their securities for investment. It reads:

The second rule prescribes the conditions under which a shareholder in a corporation may, upon application, have access to the returns. It reads:

The Secretary of the Treasury at his discretion upon application to him made, setting forth what constitutes a proper showing of cause, may permit inspection of the return of any corporation by any bona fide stockholder in such corporation.

The person desiring to inspect such return may apply in writing to the Secretary of the Treasury setting forth the reasons why he should be permitted to make such inspection, and shall attach to his application a certificate signed by the president or other principal officer of such corporation countersigned by the secretary under the corporate seal of the company, that he is a bona fide stockholder in said company.

Where this certificate cannot be secured other evidence will be considered by the Secretary of the Treasury to determine the fact whether or not the applicant is a bona fide stockholder and therefore entitled to inspect the return made by such company.

The privilege is personal to the stockholders and the permission granted by the Secretary cannot be delegated to any other person.

The wrecks of many of such corporations scattered throughout the State would not do much to aid in this principle had been applied to their accounting.

In the old days, after original paid in capital and original bond issues had regularly paid their dividends and interest out of earnings and the plant had depreciated or become in whole or in part inadequate or obsolete, it was necessary to issue a new batch of bonds to cover a new plant, while the old plant was actually on the books at practically its original value. Capital remained apparently unimpaired and clamoring for dividends. If the money were actually obtained the bondholders sooner or later owned the road, and upon reorganization were obliged in the interest of the property to eliminate in whole or part original bond issues.

The returns of the following corporations shall be open to the inspection of any person upon written application to the Secretary of the Treasury, which application shall set forth briefly and succinctly all facts necessary to enable the Secretary to act upon the request.

The returns of all companies whose stock is held in full or in part by duly organized stock exchange in the United States for the purpose of having its shares dealt in by the public generally.

All corporations whose stock is advertised in the press or offered to the public by the corporation itself on sale. In case of doubt as to whether any company falls within the classification above the person desiring to see such return should make application, supported by advertisements, prospectus or such other evidence as he may deem proper, to establish the fact that the stock of such corporation is offered for general public sale.

If a public service corporation comes into court and requests that it be permitted to set aside a reasonable amount of its gross earnings for such an amortization fund it is difficult to understand why the court should refuse to consider that request.

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